

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 AEC-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02

USIA-15 PRS-01 TAR-01 /108 W  
----- 043056

R 151957Z JAN 75

FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC 7275

UNCLAS CARACAS 0533

E.O. 11652: N/A

TAGS: ENRG, VE

SUBJECT: VENEZUELAN MINES MINISTER COMMENTS ON U.S. OIL  
IMPORT TARIFF

1. FOLLOWING WEEKLY PRESIDENTIAL CABINET MEETING JANUARY 14  
GOV MINES MINISTER VALENTIN HERNANDEZ, WAS ASKED BY PRESS TO  
COMMENT ONEFFECT NEW U.S. IMPORT TARIFF WILL HAVE ON VENEZUELAN  
EXPORTS. HERNANDEZ WAS QUOTED AS SAYING THAT HE DOES  
NOT BELIEVE NEW TAX WILL HAVE ANY EFFECTON AMOUNT OF OIL VENEZUELA  
SHIPS TO UNITED STATES SINCE U.S. GOVERNMENT ACTION APPLIES  
TO ALL OPEC PRODUCERS EQUALLY. SIMILAR MEASURES HAVE BEEN  
TRIED, HE SAID, IN EUROPE WITHOUT SUCCESS, AND U.S.  
GASOLINE PRICE IS LOW IN COMPARISON WITH MOST COUNTRIES.

2. HERNANDEZ CONTINUED THAT VENEZUELA HAS BEEN LOOKING INTO  
POSSIBILITY OF SELLING ITS OIL IN NEW MARKTS FOR QUITE  
SOME TIME, AND HE DOESN'T BELIEVE COUNTRY WILL EVER HAVE  
TROUBLE FINDING A MARKET FOR ALL OIL THAT VENEZUELA  
WISHES TO EXPORT.

3. COMMENT- MINISTER HERNANDEZ WAS VERY BLUNT IN CRITICIZING  
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FELLOW VENEZUELAN ON A NUMBER OF LOCAL ISSUES.

THEREIS CURRENTLY AN ALLEGED SHORTAGE OF BRAKE FLUID IN COUNTRY WHICH HAS BEEN GIVEN EXTENSIVE PRESS COVERAGE. MINISTER HERNANDEZ RESPONDE TO QUESTION ON THIS SUBJECT BY SAYING HE HAD JUST RETURNED FROMWORLD TRIP WHERE HE OBSERVED SHORTAGES EVERYWHERE. HE THEN SAID QUOTE OUR COUNTRY IS CAPABLE OF SOLVING ITS PROBLEMS. WE ARE SPOILED. MANY NATIONS FACE STARVATION, AND WE COMPLAIN ABOUT A BRAKE FLUID SHORTAGE. WE'RE BECOMING INSENSITIVE. THE PROBLEM HERE IS THAT 20 PERCENT OF THE PEOPLE WORK, AND THE OTHER 80 PERCENT WANT TO LIVE OFF THEM UNQUOTE.

4. HERNANDEZ ALSO WARNED OIL INDUSTRY SPECIALISTS WHO MAY BE CONSIDERING GOING INTO PRIVATE ENTERPRISES AFTER THE PETROLEUM NATIONALIZATION THAT THEY WOULD BE MAKING A MISTAKE SINCE THE OIL INDUSTRY IS THE PRIME MOVER OF THE NATION'S ENTIRE ECONOMY AND IF IT GETS MIRED DOWN, SO WILL THE REST OF THE ECONOMY INCLUDING THE PRIVATE ENTERPRISES INTO WHICH THE SPECIALISTS MIGHT MOVE.

5. RESPONDING TO CHARGES BY THE OPPOSTION COPEI PARTY THAT THE ADMINISTRATION IS MANEUVERING AWAY FROM RECOMMENDATIONS OF THE PETROLEUM REVERSION COMMISSION, HERNANDEZ DENIES THIS, BUT SAID PRESIDENT PEREZ WILL HAVE THE FINAL WORD ON WHAT FORM OIL NATIONALIZATION WILL TAKE.  
MCCLINTOCK

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## Message Attributes

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**To:** STATE  
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